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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

LOK SABHA

The following Bills were introduced in Lok Sabha on the 29th November, 1965:—

BILL NO. 83 OF 1965

A Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of the State of Kerala for the services of the financial year 1965-66.

BE it enacted by Parliament in the Sixteenth Year of the Republic of India as follows:—

1. This Act may be called the Kerala Appropriation (No. 5) Act, 1965. Short title.

2. From and out of the Consolidated Fund of the State of Kerala there may be paid and applied sums not exceeding those specified in column 3 of the Schedule amounting in the aggregate to the sum of six lakhs, sixty-six thousand and four hundred rupees towards defraying the several charges which will come in course of payment during the financial year 1965-66, in respect of the services specified in column 2 of the Schedule. Issue of Rs. 6,66,400 from and out of the Consolidated Fund of the State of Kerala for the financial year 1965-66.

Appropriations.

3. The sums authorised to be paid and applied from and out of the Consolidated Fund of the State of Kerala by this Act shall be appropriated for the services and purposes expressed in the Schedule in relation to the said year.

THE SCHEDULE

(*See* sections 2 and 3)

1	2	3		
No. of Vote	Services and purposes	Sums not exceeding		
		Voted by Parliament	Charged on the Consolidated Fund	Total
		Rs.	Rs.	Rs.
XIII	Police	100	..	100
XX	Public Health	..	25,200	25,200
XXII	Agriculture	..	3,200	3,200
XXV	Animal Husbandry	54,000	..	54,000
XXVII	Industries	1,00,000	3,48,900	4,48,900
XL	Miscellaneous	..	2,700	2,700
XLV	Capital Outlay on Industrial and Economic Development .	..	2,100	2,100
XLVII	Capital Outlay on Public Works .	1,30,200	..	1,30,200
	TOTAL . .	2,84,300	3,82,100	6,66,400

STATEMENT OF OBJECTS AND REASONS

This Bill is introduced in pursuance of articles 204(1) and 205 of the Constitution and the Proclamation issued under article 356 of the Constitution in respect of the State of Kerala on the 24th March, 1965, to provide for the appropriation out of the Consolidated Fund of the State of Kerala of the moneys required to meet the supplementary expenditure charged on the Consolidated Fund of the State of Kerala and the grants made by the Lok Sabha for expenditure of the Government of Kerala for the financial year 1965-66.

B. R. BHAGAT.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 207 OF THE CONSTITUTION OF INDIA

[Copy of letter No. F.5(10)-B/65, dated the 12th November, 1965 from Shri Bali Ram Bhagat, Minister of Planning to the Secretary, Lok Sabha].

By virtue of the Proclamation dated the 24th March, 1965, issued under Article 356 of the Constitution, the President having been informed of the subject matter of the proposed Bill to authorise payment and appropriation of certain further sums from and out of the Consolidated Fund of the State of Kerala for the services of the year ending on the 31st day of March, 1966, recommends the introduction of the Kerala Appropriation (No. 5) Bill, 1965, in the Lok Sabha and also recommends to the Sabha the consideration of the Bill under Article 207(1) and (3) of the Constitution read with Article 205 thereof.

BILL NO. 82 OF 1965

A Bill further to amend the Electricity (Supply) Act, 1948.

BE it enacted by Parliament in the Sixteenth Year of the Republic of India as follows:—

Short title and commencement.

1. (*1*) This Act may be called the Electricity (Supply) Amendment Act, 1965.

(*2*) Sections 20, 21 and 22 shall be deemed to have come into force on the 1st day of April, 1965 and save as otherwise provided in this Act, the remaining provisions shall come into force at once.

Amendment of section 5.

54 *of* 1948.

2. In section 5 of the Electricity (Supply) Act, 1948 (hereinafter referred to as the principal Act), in sub-section (*6*), the words, "or within the twelve months last preceding was," shall be omitted.

Amendment of section 7.

3. In section 7 of the principal Act, for clause (*b*), the following clause shall be substituted, namely:—

"(*b*) references in this Act to—

(*i*) the State,

(*ii*) the State Electricity Consultative Council, and

(*iii*) the State Legislature,

shall, unless the context otherwise requires, be construed as references respectively to—

(*A*) both States,

(*B*) where more than one State Electricity Consultative Council has been constituted under section 16, to all such Councils, and

(*C*) the Legislatures of both States;".

Amendment of section 16

4 In section 16 of the principal Act,—

(*i*) in sub-section (*2*), for the word "seven", the word "eight" shall be substituted;

(*ii*) for sub-section (*6*), the following sub-section shall be substituted, namely:—

"(*6*) The Board shall place before the State Electricity Consultative Council the annual financial statement and supplementary statement, if any, and shall take into consideration any comments made on such statement in the said Council before submitting the same to the State Government under section 61.".

Amendment of section 19.

5. In section 19 of the principal Act, in sub-section (*4*), after the word "determined", the words "by arbitration" shall be inserted.

Amendment of section 29.

6. For section 29 of the principal Act, the following section shall be substituted, namely:—

Publication and sanctioning of schemes.

"29. (*1*) A scheme prepared for any area under section 28 may, subject to the provisions of this section, be sanctioned by the Board either generally or in respect of any part of the area and where a scheme has been sanctioned in respect of part of the area, it may subsequently be sanctioned in respect of other parts of that area.

(2) Every scheme sanctioned under this section shall be published in the Official Gazette and in such local newspapers as the Board may consider necessary:

Provided that it shall not be necessary to so publish any scheme which is estimated to result in a capital expenditure not exceeding twenty-five lakhs of rupees.

(3) Before sanctioning any scheme which is estimated to result in a capital expenditure exceeding one crore of rupees, the following procedure shall be adopted, namely:—

(i) The Board shall send a copy of the scheme to the State Government and to the Authority and cause such scheme to be published in the Official Gazette and in such local newspapers as the Board may consider necessary; and the Board shall give public notice of the date, not being less than two months after the date of the notice, by which licensees and other persons interested may make representations thereon and when publishing such a scheme the Board shall show estimates of the capital expenditure involved and of the initial and ultimate revenues anticipated from the sale of energy, meter rentals and other services.

(ii) The Board, after considering any such representations and after making such inquiries, if any, as it thinks fit, may sanction the scheme either without modification or subject to such modifications as it thinks fit, and either generally or in respect of any part of the area specified in the published scheme:

Provided that no such scheme shall be sanctioned by the Board without prior consultation with the Authority and until any recommendations which the Authority may, in accordance with the provisions of this Act, make upon such consultation have received due consideration by the Board:

Provided further that where the recommendations of the Authority in regard to any scheme are not accepted by the Board, the Board shall not sanction the scheme without the previous consent of the State Government.

(4) In respect of any scheme to which the provisions of sub-section (3) apply, the Board shall, within one month after being requested by the Authority so to do, supply the Authority with all such information incidental or supplementary to the scheme as may be specified in the request.".

Amendment of section 30.

7. In section 30 of the principal Act, for the word, brackets and figure "sub-section (2)", the words, brackets and figures "clause (ii) of sub-section (3)" shall be substituted.

Amendment of section 31

8. In section 31 of the principal Act,—

(i) for the word, brackets and figure "sub-section (2)", the words, brackets and figures "clause (ii) of sub-section (3)" shall be substituted;

(ii) in the proviso for the word, brackets and figure "sub-section (3)", the word, brackets and figure "sub-section (4)" shall be substituted.

Amendment of section 32.

9. In section 32 of the principal Act, after the words "sanctioned and", the words "where so required" shall be inserted.

Amendment of section 40.

10. In section 40 of the principal Act, after the words "agreement be determined", the words "by arbitration" shall be inserted.

Substitution of new section for section 49

11. For section 49 of the principal Act, the following section shall be, and shall be deemed always to have been, substituted, namely:—

Provision for the sale of electricity by the Board to persons other than licensees.

"49. (1) Subject to the provisions of this Act and of regulations, if any, made in this behalf, the Board may supply electricity to any person not being a licensee upon such terms and conditions as the Board thinks fit and may for the purposes of such supply frame uniform tariffs.

(2) In fixing the uniform tariffs, the Board shall have regard to all or any of the following factors, namely:—

(a) the nature of the supply and the purposes for which it is required;

(b) the co-ordinated development of the supply and distribution of electricity within the State in the most efficient and economical manner, with particular reference to such development in areas not for the time being served or adequately served by the licensee;

(c) the simplification and standardisation of methods and rates of charges for such supplies;

(d) the extension and cheapening of supplies of electricity to sparsely developed areas.

(3) Nothing in the foregoing provisions of this section shall derogate from the power of the Board, if it considers it necessary or expedient to fix different tariffs for the supply of electricity to any person not being a licensee, having regard to the geographical position of any area, the nature of the supply and purpose for which supply is required and any other relevant factors.

(4) In fixing the tariff and terms and conditions for the supply of electricity, the Board shall not show undue preference to any person.".

Insertion of new section 60A.

12. After section 60 of the principal Act, the following section shall be inserted, namely:—

Period of limitation extended in certain cases.

"60A. Where the right to recover any amount due to the State Government for or in connection with the consumption of electricity is vested in the Board and the period of limitation to enforce such right has expired before the constitution of the Board, or within three years of its constitution, then, notwithstanding anything contained in the Indian Limitation Act, 1908 or any other law for the time being in force relating to limitation of action, the Board may institute a suit for the recovery of such amount,—

9 of 1908.

(i) where it has been constituted before the commencement of the Electricity (Supply) Amendment Act, 1965, within three years of such commencement; and

(ii) where it has been constituted after such commencement, within three years of its constitution.".

Amendment of section 62.

13. In section 62 of the principal Act, in sub-section (1), for the words "twenty-five thousand" and "one lakh", the words "seventy-five thousand" and "three lakhs" shall respectively be substituted.

Amendment of section 67.

14. In section 67 of the principal Act,—

(i) in clause (viii), for the word "eight", the word "fifteen" shall be substituted;

(ii) for clause (x), the following clause shall be substituted, namely:—

"(x) the balance to be appropriated to a fund to be called the Development Fund to be utilised for—

(a) purposes beneficial, in the opinion of the Board, to electrical development in the State;

(*b*) repayment of loans advanced to the Board under section 64 and required to be repaid:

Provided that where no such loan is outstanding, one-half of the balance aforesaid shall be credited to the Consolidated Fund of the State.".

Substitution of new section for section 68.

15. For section 68 of the principal Act, the following section shall be substituted, namely:—

Depreciation reserve.

"68. The Board shall create a depreciation reserve and, as far as compliance with the provisions of section 67 makes it practicable, shall, at the end of every year, credit to such reserve from its revenue an amount calculated in accordance with the straight line method of depreciation, that is to say, such an amount as is arrived at by dividing ninety per cent. of the original cost of the assets by the prescribed period in respect of such assets:

Provided that the contribution in respect of any asset to the depreciation reserve under this section shall cease at the end of the prescribed period as defined in the Sixth Schedule or when the asset ceases to be used by the Board, whichever is earlier:

Provided further that if in any year it is not practicable fully to comply with the provisions of this section, the amount by which the sums actually credited falls short of the amount required under this section in respect of that year, shall be carried forward and together with simple interest thereon at the Reserve Bank rate ruling at the beginning of that year, shall be credited to the said reserve as soon as it is found possible in accordance with section 67, so to do:

Provided further that the accumulations in the depreciation reserve may be invested in the business of the Board, or utilised for repayment of principal not guaranteed under section 66 or for repayment of sums paid by the State Government under guarantees under that section.".

Amendment of section 75.

16. In section 75 of the principal Act,—

(*i*) sub-section (*1*) shall be omitted;

(*ii*) sub-section (*1A*) shall be re-numbered as sub-section (*1*) thereof and in sub-section (*1*) as so re-numbered,—

(*a*) the words, brackets and figure "Without prejudice to the provisions of sub-section (*1*)," shall be omitted,

(*b*) after the words "to the State Government", the words "before such date and" shall be inserted.

Amendment of section 76.

17. In section 76 of the principal Act, sub-section (*1*) shall be omitted.

Amendment of section 82.

18. In section 82 of the principal Act, for the words "any person", the words "any member, officer or servant of the Board" shall be substituted.

Amendment of Fourth Schedule.

19. In the Fourth Schedule to the principal Act, in paragraph II, in the second proviso, after the word "determined", the words "by arbitration" shall be inserted.

Amendment of Fifth Schedule.

20. In the Fifth Schedule to the principal Act, for paragraph III, the following paragraph shall be substituted, namely:—

"III. For the purposes of clause (*e*) of paragraph I,—

(*i*) "depreciated cost of the lines" means original cost thereof as determined in accordance with the provisions of sub-paragraph (*6*) of paragraph XVII of the Sixth Schedule *less* the amount written off or set aside on account of depreciation on fixed assets and the amount written off in respect of intangible assets thereof in the books of the undertaking before or after the commencement of this Act;

(*ii*) the rate of interest shall be,—

(*a*) where the licensee owning the lines is a local authority, the average rate payable on the money raised by that authority for the purpose of constructing the lines;

(*b*) in any other case, the Reserve Bank rate ruling at the beginning of the year referred to in paragraph I *plus* two *per centum*.".

Amendment of Sixth Schedule.

21. In the Sixth Schedule to the principal Act,—

(*i*) in paragraph I,—

(*a*) for the word "rates" wherever it occurs, the word "charges" shall be substituted;

(*b*) in the second proviso for the word "fifteen", the word "twenty" shall be substituted;

(c) the following proviso shall be added at the end, namely:—

"Provided also that nothing in this Schedule shall be deemed to prevent a licensee from levying, with the previous approval of the State Government, minimum charges for supply of electricity for any purpose.";

(*ii*) after paragraph I, the following paragraph shall be inserted, namely:—

"IA. The notice referred to in the third proviso to paragraph I shall be accompanied by such financial and technical data in support of the proposed enhancement of charges as the State Government may, by general or special order, specify.";

(*iii*) in paragraph II, to sub-paragraph (*3*), the following proviso shall be added, namely:—

"Provided that where the undertaking is purchased by the Board or the State Government, the amount of the Reserve may be deducted from the price payable to the licensee.";

(*iv*) in paragraph IV, for sub-paragraph (*2*), the following sub-paragraph shall be substituted, namely:—

"(*2*) The sums appropriated to the Contingencies Reserve shall be invested in securities authorised under the Indian Trusts Act, 1882 and such investment shall be made within a period of six months of the close of the year of account in which such appropriation is made.";

2 of 1882.

(*v*) in paragraph V, for sub-paragraph (*2*), the following sub-paragraph shall be substituted, namely:—

"(*2*) On the purchase of the undertaking, the Contingencies Reserve, after deduction of the amounts drawn under sub-paragraph (*1*), shall be handed over to the purchaser and maintained as such Contingencies Reserve:

Provided that where the undertaking is purchased by the Board or the State Government, the amount of the Reserve computed as above, after allowing for the compensation, if any, due to the employees of the outgoing licensee under any law for the time being in force, may be deducted from the price payable to the licensee.";

(*vi*) in paragraph VA, to sub-paragraph (*4*), the following proviso shall be added, namely:—

"Provided that where the undertaking is purchased

by the Board or the State Government, the amount of the Reserve may be deducted from the price payable to the licensee.";

(*vii*) in paragraph VII, in sub-paragraph (*2*),—

(*a*) after the words "fixed asset" the words "including expenses incurred on the dismantling thereof" shall be inserted;

(*b*) in the proviso, after the words "cost of the asset", the words "and the dismantling expenses" shall be inserted;

(*viii*) in paragraph XV, in sub-paragraph (*1*), after the words "which exceeds", the words, "in any year of account," shall be inserted;

(*ix*) in paragraph XVII—

(*1*) in sub-paragraph (*1*),—

(*a*) in clause (*b*), the words "including expenses on account of new capital issue" shall be inserted at the end;

(*b*) in clause (*e*)—

(*i*) in sub-clause (*ii*),—

(*a*) for the words "cash and bank balances", the words and brackets "cash and bank balances (whether credit or debit)" shall be substituted;

(*b*) for the words, brackets and figures "clauses (*i*), (*iv*) and (*x*)", the words, brackets, figures and letter "sub-clauses (*i*), (*iv*), (*iv-a*) and (*x*)" shall be substituted;

(*ii*) after sub-clause (*ii*) (which provides for deduction of certain amounts), the following sub-clause shall be inserted, namely:—

"(*ii-a*) the amount of any loans borrowed from organisations or institutions approved by the State Government;";

(*iii*) for sub-clause (*iii*) (which provides for deduction of certain amounts), the following sub-clause shall be substituted, namely:—

"(*iii*) the amounts deposited with the licensee by consumers by way of security;";

(*iv*) in sub-clause (*iv*) (which provides for deduction of certain amounts), the words "at the

beginning of the year of account" shall be inserted at the end;

(*v*) for sub-clause (*v*) (which provides for deduction of certain amounts), the following sub-clause shall be substituted, namely:—

"(*v*) the amount standing to the credit of the Development Reserve at the close of the year of account;";

(*2*) in sub-paragraph (*2*), in clause (*b*),—

(*a*) after sub-clause (*iv*), the following sub-clause shall be inserted, namely:—

"(*iv-a*) interest on loans borrowed from organisations or institutions approved by the State Government;";

(*b*) for sub-clause (*xii*), the following sub-clauses shall be substituted, namely:—

"(*xii*) contributions to Provident Fund, staff pension and gratuity computed in accordance with schemes approved by the State Government;

(*xii-a*) expenses on apprentice and other training schemes;";

(*3*) in sub-paragraph (*9*),—

(*a*) after clause (*c*), the following clause shall be inserted, namely:—

"(*c-1*) an amount equal to one-half of one *per centum* on the amounts borrowed from organisations or institutions approved by the State Government;";

(*b*) after clause (*d*) the following clause shall be inserted, namely:—

"(*e*) such other amount as may be allowed by the Central Government, having regard to the prevailing tax structure in the country.";

(*4*) for sub-paragraph (*10*), the following sub-paragraph shall be substituted, namely:—

"(*10*) "standard rate" in respect of any year of account means—

(*a*) in relation to that part of the capital base for that year of account which is equivalent to the capital base as on the 31st day of March, 1965, seven *per centum* per annum;

(*b*) in relation to the remaining part of the capital base for that year, the Reserve Bank rate ruling at the beginning of that year, *plus* two *per centum*:

Provided that the Central Government may, by notification in the Official Gazette, and with effect from such date as may be specified therein, increase or decrease the standard rate specified in clause (*b*), if, after consultation with the Authority, that Government considers it necessary so to do to ensure that any rise or fall in the Reserve Bank rate does not affect the reasonable return in any subsequent year of account in relation to that part of the capital base which is equivalent to the capital base as computed on the last date of the previous year of account.".

Amendment of Eighth Schedule.

22. In the Eighth Schedule to the principal Act, in paragraph II,—

(*1*) for the words, brackets, letter and figure "For the purposes of clause (*e*) of paragraph I of the rate of interest shall be—", the following shall be substituted, namely:—

"For the purposes of clause (*e*) of paragraph I—

(*i*) "depreciated cost of the station" means original cost thereof as determined in accordance with the provisions of sub-paragraph (*6*) of paragraph XVII of the Sixth Schedule *less* the amount written off or set aside on account of depreciation on fixed assets and the amount written off in respect of intangible assets thereof in the books of the undertaking before or after the commencement of this Act;

(*ii*) the rate of interest shall be,—".

Amendment of Ninth Schedule.

23. In the Ninth Schedule to the principal Act, in paragraph III, for the letter and words "L = the average load factor of the station;", the letter and words "L = the percentage average load factor of the station;" shall be substituted.

Validation of imposition and collection of charges for the supply of

54 of 1948.

24. (*1*) Notwithstanding any judgement, decree or order of any court, all rates fixed under section 49 of the Electricity (Supply) Act, 1948, for the sale of electricity to any person other than a licensee before the commencement of this Act shall be deemed to have been validly fixed as if the provisions of the said section, as amended by this Act, had been in force at all material times when such rates were fixed and accordingly,—

(*a*) no suit or other proceeding shall be maintained or

electricity under section 49 of the Electricity (Supply) Act, 1948.

continued in any court for the refund of any amount collected from any person on the basis of such rates;

(*b*) no court shall enforce a decree or order directing the refund of any amount collected from such person on the basis of such rates;

(*c*) any amount due from any person on the basis of such rates before the commencement of this Act but not recovered before such commencement may be recovered in the manner provided under the Electricity (Supply) Act, 1948. 54 of 1948.

(*2*) For the removal of doubts it is hereby declared that nothing contained in sub-section (*1*) shall be construed as preventing any person from claiming refund of any amount paid by him in excess of the amount due from him under the said Act, as amended by this Act, and the rules or regulations made thereunder.

STATEMENT OF OBJECTS AND REASONS

The object of this Bill is to remove certain anomalies and difficulties which have come to notice in the working of the Electricity (Supply) Act, 1948. Certain changes are being made in order to facilitate raising of capital required for development. Few amendments are also proposed to tighten the control over the financial operations of private licensees.

2. The changes that are proposed to be made in the Sixth Schedule to the Act in regard to the measures for regulating the financial operations of licensees are as follows:—

(*i*) In the scheme of the said Schedule at present there is a distinction between the loans obtained by the licensees from Electricity Boards and from other sources. It is proposed to dispense with this distinction by applying the same conditions as are applicable to the borrowings from the Board, to loans borrowed from organisations approved by the State Governments.

(*ii*) It is being clarified that the intangible assets will include expenses on account of new capital issue.

(*iii*) It is provided in the Act that a licensee shall not be deemed to have failed to adjust his rates if the clear profit in any year of account has not exceeded the amount of reasonable return by 15 per cent. of the amount of reasonable return. This cushion of 15 per cent. has been found to be inadequate and is therefore proposed to be raised to 20 per cent. without giving the licensee any additional benefit.

(*iv*) It is proposed to provide that the licensees while fixing the charges for supply of electricity will be competent to levy minimum charges. This is considered necessary, particularly in the case of industrial consumers, to ensure that the consumer pays at least such monthly charges as would cover the cost on account of arrangements made by the licensee to give the supply.

(*v*) It is now provided that on the purchase of an undertaking of the licensee by the Board or State Government, compensation due to the employees of the licensee under any Act, may be paid out of the Contingencies Reserve.

(*vi*) At present, clear profit of a licensee has been linked with the Reserve Bank rate ruling at the beginning of the year of account through the mechanism of standard rate and reasonable return. Any increase in the Bank rate has a direct effect on the reasonable return which the licensees can earn. If the Bank rate increases, it is justifiable to allow the licensees to earn reasonable return based on increased Bank rate on new investments. But it is not desirable to allow them to earn unduly large return due to the rise in the Bank rate on past investments at the cost of the consumers. It is therefore proposed to amend the Act to ensure that return on any block of capital invested in any year of account is limited to the rate of 2 per cent. above the Bank rate prevailing at the beginning of that year of account.

(*vii*) With a view to tightening control over the financial operations of the private licensees, it is being provided that where an undertaking is purchased by the Board or the State Government, the amount standing to the credit of the Tariffs and Dividends Control, the Contingencies, and the Development Reserves shall be deducted from the price payable to the licensee. It is also being provided that the annual contributions to the Contingencies Reserve shall be invested in securities within a period of six months of the close of the relevant year. Licensees are at present permitted to set apart from revenue, contributions to the provident fund, staff pension, gratuity and apprentice and other training schemes. It is proposed to provide that contributions to the provident fund, staff pension and gratuity will be made in accordance with any scheme approved by the State Government.

(*viii*) It is proposed to empower the Central Government to allow, in computing the reasonable return, such amount as may be considered necessary having regard to the prevailing taxation policy.

It is proposed to bring into force the new provisions relating to the financial operations of the licensees retrospectively with effect from the 1st April, 1965.

3. Under the existing provisions of the Act, members of Parliament or of the State Legislatures and members of local authorities have to wait for a period of 12 months after they cease to be such members before becoming eligible for appointment as members of the State Electricity Boards. Some of the State Governments have, in view of this provision, been complaining about the difficulty in

finding suitable personnel for manning the Boards on full-time basis. With a view, therefore, to enlarging the field of choice of membership for the Boards, it is proposed to amend the Act to permit appointment of members of Parliament, etc., as members of the Board immediately after they cease to be such members.

4. The Bill also makes the following amendments in certain provisions of the Act which relate to the activities of the Electricity Boards:—

(*i*) In accordance with the procedure laid down in the Act in respect of sanctioning of its schemes by the State Electricity Board, all schemes are required to be published in the Official Gazette and local newspapers twice; first as draft schemes, and again as sanctioned schemes. This procedure has been found to be wasteful and unnecessary in the case of small schemes. Provision has therefore been made in the Bill to provide that schemes costing up to Rs. 25 lakhs need not be published at all. It is also proposed to amend the relevant provisions of the Act to provide that the schemes costing between Rs. 25 lakhs and Rs. 1 crore each may be published only once after they are sanctioned; the schemes costing more than Rs. 1 crore will continue to be published twice as at present.

(*ii*) The Electricity Boards, as soon as they were established in the various States, took over the business of generation, supply and distribution of Electricity from the State Electricity Departments, along with their assets and liabilities. The period of limitation, under the Indian Limitation Act, 1908, applicable in the case of the Boards is only three years, whereas it was 60 years in the case of the State Government Electricity Departments. Because of the longer period of limitation applicable in their case, the Government Electricity Departments did not find it necessary to initiate legal proceedings for recovery of certain dues from the consumers even though they had not been paid for periods longer than three years. Such cases stood time-barred as soon as the business was taken over by the Boards, and resulted in substantial financial loss to the Boards. In view of this difficulty, it is proposed to extend the period of limitation applicable to the State Electricity Boards under the Indian Limitation Act, 1908, so that the time-barred dues as explained above, can be recovered by them.

(*iii*) It is proposed to provide that the revenue of the Board after meeting the operating, maintenance and management expenses and other liabilities regarding interest, depreciation, etc., as laid down in clauses (*i*) to (*ix*) of section 67, shall be credited to a fund to be utilised for purpose beneficial to electrical deve-

lopment in the State and for repayment of loans advanced to the Board by the State Government. It has also been provided that where the loans are not required to be repaid, contributions to the aforesaid fund will be cut down to one-half, and the remaining one-half shall, as at present, be credited to the Consolidated Fund of the State.

(*iv*) The maximum accumulation permitted in the general reserve of the Boards is 8 per centum of the cost of the fixed assets. With a view to providing larger internal finance, the aforesaid ceiling is proposed to be raised to 15 per centum.

(*v*) Contributions to the Depreciation Reserve of the Board are, at present, required to be made on the basis of the compound interest method which involves complicated calculations and accounting. It is proposed to replace this procedure of computing depreciation by the simpler straight line method.

(*vi*) It has recently been held by the Bombay High Court that section 49 of the Act does not permit the framing of a uniform tariff with a view to helping consumers in sparse areas by substantially over-charging the consumers in compact areas. In the interest of power development in the country, the general policy is towards adoption of uniform rates throughout the State for each class of service or purpose. But at the same time there may be need for divergent rates in some areas, because of certain special circumstances. The Act is therefore proposed to be amended to meet these requirements. These amendments are proposed to be given retrospective effect in order to remove the legal lacunae, if any, in the action taken by various Boards to adopt uniform tariff in the past.

5. The Bill also provides for some consequential and minor amendments and clarifications.

NEW DELHI;
The 22nd November, 1965. K. L. RAO.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE CONSTITUTION OF INDIA

[Copy of D.O. No. F. 9/65-P.U. dated the 23rd November, 1965 from Dr. K. L. Rao, Minister of Irrigation & Power to the Secretary, Lok Sabha.]

The President having been informed of the subject matter of the Electricity (Supply) Amendment Bill, 1965, recommends introduction of the Bill in the Lok Sabha under clause (1) of article 117 of the Constitution.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 21 of the Bill which amends sub-paragraph (*9*) of paragraph XVII of the Sixth Schedule to the Electricity (Supply) Act, 1948 empowers the Central Government to allow, in computing the reasonable return, such amount as may be considered necessary having regard to the prevailing taxation policy. Further, the aforesaid clause which amends sub-paragraph (*10*) of the said paragraph gives power to the Central Government to increase or decrease after consultation with the Central Electricity Authority the standard rate having regard to certain factors.

It is not possible to envisage at this stage in what manner the aforesaid powers will be exercised. The exercise of those powers will depend upon certain fluctuating circumstances.

The delegation of legislative power is thus of a normal and routine nature.

S. L. SHAKDHER,
Secretary.

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